

Message Text

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PAGE 01 STATE 222265

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ORIGIN EB-03

INFO OCT-01 EUR-10 ISO-00 CIAE-00 DODE-00 NSAE-00 NSCE-00

SSO-00 USIE-00 INRE-00 AEC-05 AID-05 CEA-01 CIEP-01

COME-00 FPC-01 H-01 INR-10 INT-01 L-02 NSC-07 OMB-01

PM-03 RSC-01 SAM-01 SCI-03 SP-02 SS-14 STR-01 TRSE-00

FRB-01 FEA-01 PA-01 PRS-01 /078 R

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TO AMEMBASSY BRUSSELS IMMEDIATE

C O N F I D E N T I A L STATE 222265

E.O. 11652: GDS

TAGS: ERNG

SUBJECT:ECG - CONSULTATIONS WITH OIL COMPANIES

REF: BRUSSELS 7718; BRUSSELS 7719

1. CONCUR THAT RUTH PHILLIPS SHOULD ATTEND OCTOBER 9 MEETING TO DISCUSS PLANS FOR ECG CONSULTATIONS WITH OIL COMPANIES.

2. WE HAVE HAD NUMEROUS DISCUSSIONS OF IEP WITH THE FIVE US MAJORS OVER THE PAST SEVERAL MONTHS. IN LATE JUNE, WE GAVE COMPANIES ON CONFIDENTIAL BASIS COPIES OF ORIGINAL US PROPOSAL ON IEP PAPER WHICH WE HAD TABLED IN ECG. WE HAVE ALSO MET INDIVIDUALLY WITH WASHINGTON REPS AND HEAD OFFICE OFFICIALS TO BRIEF THEM IN DETAIL ON BOTH GENERAL COMPANY INFORMATION REQUIREMENTS NOW EMBODIED IN CHAPTERS V AND VI AND EMERGENCY MEASURES CONTAINED IN CHAPTERS I - IV.

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 222265

3. COMPANIES HAVE EXPRESSED SOME CONCERN OVER GENERAL IN-

FORMATION REQUIREMENTS. BUT WE HAVE TAKEN THE LINE THAT THE SPECIFIED LIST AND PROCEDURES WERE CAREFULLY DESIGNED TO PROTECT THEIR INTERESTS WHILE STILL MEETING LEGITIMATE DEMANDS OF EUROPEANS AND JAPANESE FOR GREATER TRANSPARENCY IN INTERNATIONAL OIL MARKET.

4. MAJOR POINTS WHICH AROSE IN OUR DISCUSSIONS OF THE EMERGENCY PROGRAM WERE:

A) WHETHER COMPANIES WOULD BE SUBJECT TO NEW STOCKPILING REQUIREMENTS;

B) ROLE OF COMPANIES IN EMERGENCY ALLOCATION;

C) PRICE OF ALLOCATED OIL;

D) NEED TO TAKE US ANTI-TRUST LEGISLATION INTO ACCOUNT;
AND

E) TREATMENT OF NON-IEP PARTICIPATING COUNTRIES.

WE BELIEVE THAT THESE QUESTIONS HAVE BEEN TAKEN CARE OF AS FAR AS IS NOW POSSIBLE IN DRAFT AGREEMENT. SOME POINTS WILL HAVE TO BE DEALT WITH FURTHER DURING ACTUAL ESTABLISHMENT OF EMERGENCY MECHANISM IN NEW INSTITUTIONAL FRAMEWORK AND IN US IEP-RELATED LEGISLATIVE PROGRAM NOW IN PREPARATION.

5. WE DO NOT BELIEVE THIS PRELIMINARY CONSULTATION SHOULD GET INTO SUBSTANCE OF GOVERNMENTAL RELATIONS WITH COMPANIES UNDER IEP. THERE MAY BE SOME DIFFERENCES OF VIEW REGARDING EXTENT TO WHICH GOVERNMENTS SHOULD BE PREPARED LEGALLY TO COMPEL COMPANIES TO COMPLY WITH IEP DIRECTIVES. BUT WE DO NOT BELIEVE THIS IS SUBJECT WHICH SHOULD BE DISCUSSED AT OCTOBER 9 MEETING.

6. ONLY POINT WHICH US REP SHOULD MAKE AT THAT MEETING IS THAT WE DO NOT SEE CONSULTATIONS WITH THE COMPANIES AS PART OF THE IEP NEGOTIATING PROCESS. PROVISIONS OF DRAFT AGREEMENT ITSELF CANNOT AND SHOULD NOT BE REOPENED AT MEETING
CONFIDENTIAL

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PAGE 03 STATE 222265

IN LONDON. AS WE HAVE UNDERSTOOD PURPOSE OF THIS MEETING IT IS TO PROVIDE FORMAL ECG LEVEL CONTACT WITH COMPANIES TO (A) INFORM THEM OF RESULTS OF INTERGOVERNMENTAL NEGOTIATIONS AND (B) TO OBTAIN FROM COMPANIES COMMENTS ON QUESTIONS AND TECHNICAL ISSUES OF WHICH ACCOUNT BE TAKEN IN THE POST-NEGOTIATION PHASE OF ESTABLISHING THE IEP MACHINERY. US REP SHOULD ALSO STRESS OUR DESIRE THAT LONDON MEETING RECEIVE AS LITTLE PUBLIC ATTENTION AND PUBLICITY

AS POSSIBLE.

7. PLEASE ADVISE SOONEST DATE ESTABLISHED FOR LONDON
MEETING, WHICH WE HOPE WOULD BE DURING PERIOD OCTOBER
23-25. KISSINGER

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